

CAIR / CAMR Implementation Workgroup

Meeting #1
August 17, 2005

Agenda

- Introduction and Workgroup Overview
- Summary of CAIR and CAMR
- Summary of August 1, 2005 FIP Proposal
- Compliance options for CAIR and CAMR
- Overview of Cap and Trade Rules
- Decision to be made
- Wrap up and schedule next meeting date

Purpose

- Implementation working group
- Provide directional guidance
- Rule language

Overview

- Federal Rules
 - Clean Air Interstate Rule (CAIR)
 - Clean Air Mercury Rule (CAMR)

Meeting #1 Goals

- Background briefing, rule overviews
- Majority recommendations on direction of compliance.
- Communication, process, schedule

Questions?

EPA's Proposed Federal Implementation Plan

FIP Summary

- August 1, 2005 Proposal
- Promulgate by March 14, 2006
- Based on model rules
- Abbreviated SIP
 - Opt-ins
 - Allocations
 - Compliance Supplement Pool (CSP)
 - NO_x SIP non-EGUs

SIP Definition

- State Implementation Plan
 - Describes how the state will attain and maintain the National Ambient Air Quality Standards (NAAQS) and includes:
 - Rules
 - Permits
 - Administrative consent orders
 - Documentation
 - Must be federally approved
 - Federally enforceable

FIP Summary Continued

- Amendments to CAIR
 - EGU applicability
 - Solid Waste Incinerator exemption
- Amendments to Acid Rain
 - Appeals process
 - Account representatives

Questions?

CAIR/CAMR

Implementation

Implementation Issues

- CAIR SO₂ Cap
 - 137,214 tons in 2010
 - 96,050 tons in 2015
- CAIR Annual NO_x Cap
 - 59,871 tons in 2009
 - 49,892 tons in 2015

Implementation Issues

- CAIR NO_x Seasonal Cap
 - 26,678 tons in 2009
 - 22,231 tons in 2015
- CAIR NO_x Supplemental Compliance Pool
 - 9,044 tons

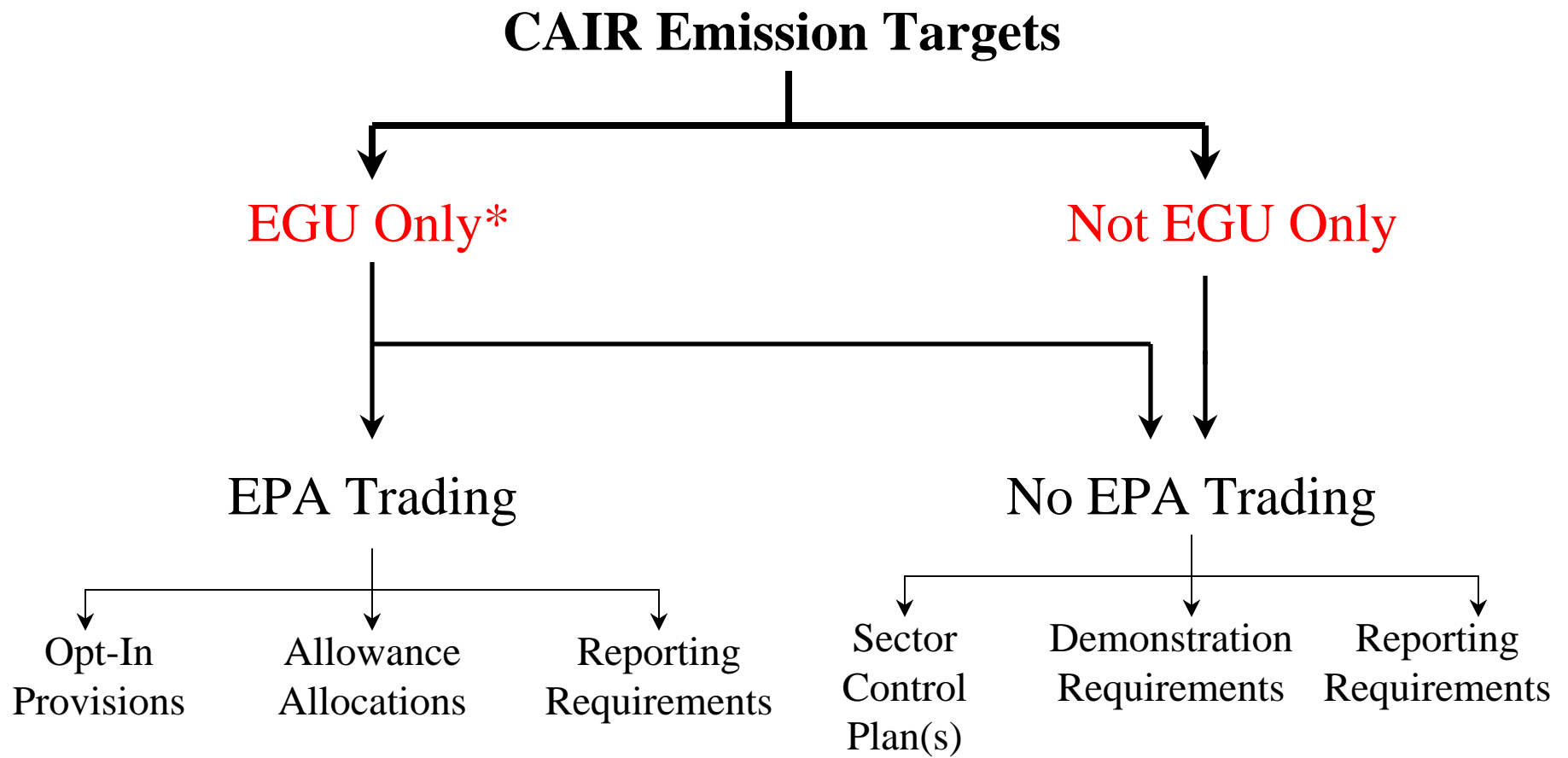
Implementation Issues

- CAMR Cap
 - 1.393 tons of Hg in 2010
 - 0.55 tons of Hg in 2018

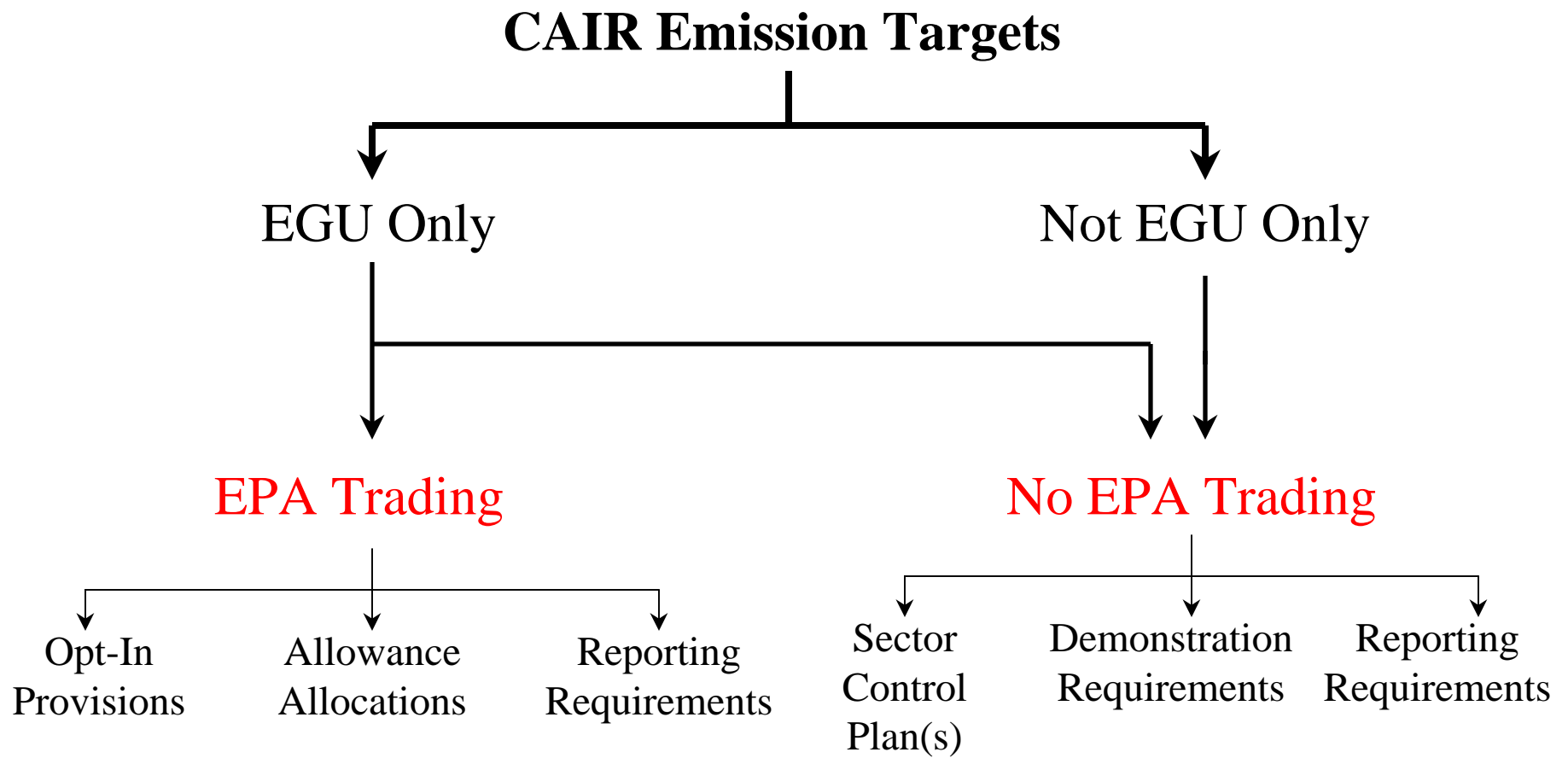
Applicability

- CAIR
 - Electric generating units (EGUs)
 - 25 MW or greater
 - Cogenerator Exemption
 - Solid Waste Incinerator Exemption
- CAMR
 - Coal Fired EGUs
 - 25 MW or greater

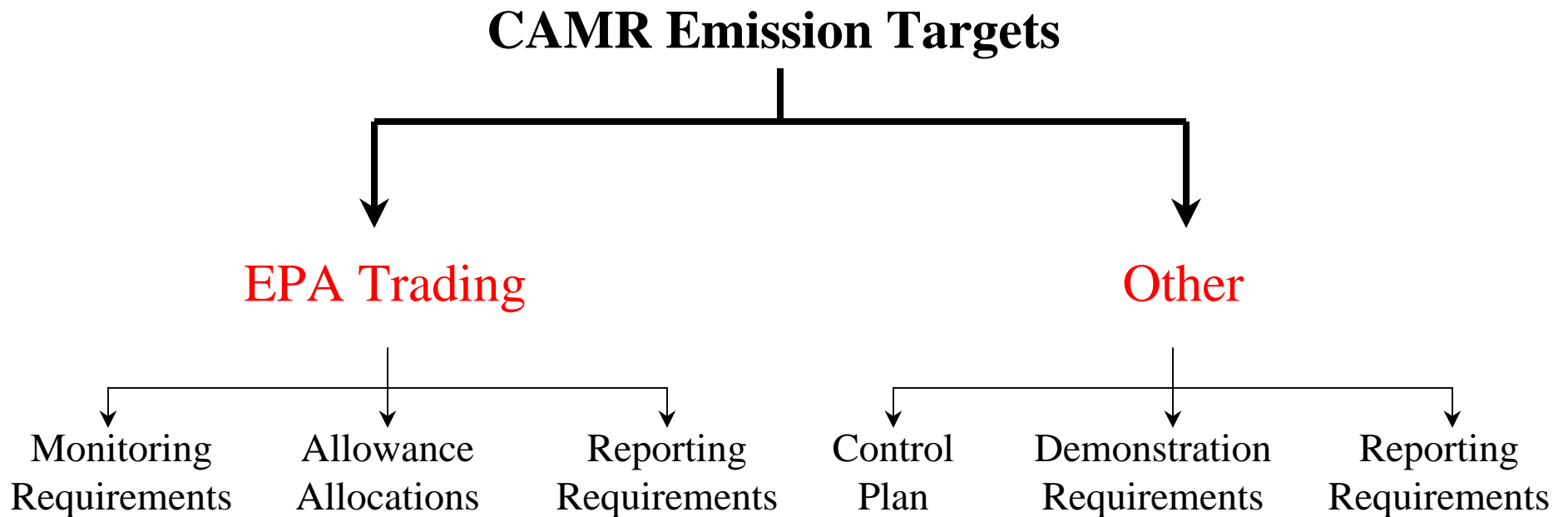
CAIR – EGU Only or Not



CAIR – EPA Trading or Not



CAMR – EPA Trading or Not



Other considerations

- Auto SIP approval
 - Utilizing EPA trading programs can result in automatic approval of CAIR and CAMR SIPs
 - Ex. 51.123(o)(1) and 60.24(h)(6)(i)
- Best Available Retrofit Technology
- FIP
- Litigation

Questions?

Cap and Trade

Overview

Cap & Trade Overview

- Emissions Trading
 - Emission allowances are distributed to sources
 - Sources can trade or bank allowances
 - At the end of the year a source must have 1 allowance for each unit of actual emissions
 - Allowance price is determined by market forces

Cap & Trade Overview

- Compliance
 - Overall cap must be met, sources get to determine how to meet the cap.
 - Install control equipment, sell excess allowances
 - Buy allowances from the market, remain under controlled
 - Sources determine their compliance plan based on their needs and risk comfort levels
 - Failing to have enough allowances results in automatic penalties (3-1 allowance surrender, fines, etc.)

Cap & Trade Overview

- Examples
 - Acid Rain Program
 - NEOTC NOX Trading Program
 - NOX SIP Call
 - Missouri's Statewide NOx Rule
 - Missouri's Emissions Banking and Trading Rule
 - California's RECLAIM Program
 - Texas State Trading Program
- Possible implementation costs (§105 funds?)

Questions?

Discussion and Decisions

CAIR Timeline

- Published May 12, 2005
- Workgroup meetings
- Public Hearing
- Adoption
- SIP Submittal
- SIP Due date

CAMR Timeline

- Published May 18, 2005
- Workgroup meetings
- Public Hearing
- Adoption
- SIP Submittal
- SIP Due date

Decisions to be Made

- CAIR
 - EGUs only ?
 - Trading ?
 - SIP type ?
- CAMR
 - EGUs only ?
 - Trading ?

- Communications
 - Primary information distribution
 - web page (in development)
 - Secondary information distribution
 - CAIR / CAMR Workgroup e-mail list

Next Steps

- Unresolved issues
- Recommendation write-up volunteers
- Rule aspects for next meeting
- Next meeting
 - Date, time, location